

Poonawalla reported a good quarter, with profit, AUM growth, asset quality, and credit cost broadly in-line-to-slightly-better than consensus/our estimates. The arrival of new MD & CEO Arvind Kapil has brought along a number of senior professionals from HDFC Bank and other banks, aimed at building second-layer capabilities, broadly replacing the existing one. Kapil has well-articulated his vision to grow AUM by 5-6x over the next 5-6 years, with PAT growth tracking AUM growth. Sustainability, and predictability of growth and profitability remain at the core of the strategy, to achieve which the product (secured/unsecured), distribution (digital and physical), people, and tech capabilities are being aligned. Though the strategic vision is impressive, such strategic realignment and execution will take some time to justify the current premium valuation. We reiterate our **REDUCE** rating on the stock, with Jun-25E TP of Rs410/sh (Rs440 earlier), implying a multiple of 3.0x FY26E P/BV.

Poonawalla Fincorp: Financial Snapshot (Standalone)

Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Net profits	5,849	20,560	11,796	15,465	19,651
AUM growths (%)	40.1	54.9	32.0	35.0	35.0
NII growths (%)	28.7	59.5	44.3	30.8	30.2
NIMs (%)	8.8	9.5	9.7	9.5	9.1
PPOP growth (%)	35.0	127.1	36.9	32.3	30.8
Adj. EPS (Rs)	7.6	10.8	15.3	20.1	25.5
Adj. EPS growth (%)	86.8	41.8	41.3	31.1	27.1
Adj. BV (INR)	83.7	105.3	118.3	135.4	157.1
Adj. BVPS growth (%)	12.0	25.9	12.4	14.4	16.0
RoA (%)	3.7	4.0	4.2	4.2	4.0
RoE (%)	9.3	11.5	13.7	15.8	17.4
P/E (x)	52.9	37.3	26.4	20.1	15.8
P/ABV (x)	4.9	3.9	3.5	3.0	2.6

Source: Company, Emkay Research

Good performance in Q1FY25

Poonawalla reported PAT of Rs2.92bn in Q1FY25 which is better than estimated, on account of lower than expected opex and credit cost. Overall AUM (~Rs270bn) continues to grow at 8% QoQ (52% YoY), with the personal and consumer segment registering sequential growth of 29% (72% in Q4FY24), while the disbursement for the quarter remained weak on account of seasonality, coming at Rs74bn (-24% QoQ/5% YoY). the management commentary highlighted that onboarding an experienced management for some products and using the 'Phygital' mode would call for physical geographical expansion, though it expects the overall cost-to-income to be stable/improve on account of increased revenue and efficiency. Also, credit cost during the quarters remained under control (68bps in Q1FY25), while asset quality is still robust with GS3/NS3 at ~0.67%/0.32% - improving 49bps/27bps, which could be the result of utilization of management overlay of Rs9.1bn created in Q2FY24. (Exhibits 1 & 4)

Broadbased senior-management rejig to drive the new strategic vision

With Arvind Kapil taking charge as Poonawalla's new CEO, the top management has been reshuffled and a new, experienced management appointed. The management indicated that such changes would bring more sustainability and predictably to the business. PFL targets increased focus on 4 products (CD; Shopkeeper loan; Prime PL; Used CV), which are expected to improve customer franchise and cross-selling, thus improving overall margins; these are expected to incubate for eight months. Following successful implementation of the new strategy, the management expects the AUM to grow 35-40% (5-6x AUM in the next 5-6 years) and increase predictability of the profitability. In terms of credit cost, the mgmt highlighted its cautious stance on its unseasoned STPL book in the near term, and the expected overall credit cost to be stable given the core expertise of the new management in business segments, supported by investment in developing a strong collections infrastructure which would keep asset quality robust. (Exhibit 5)

Priced to perfection; execution risk puts a cap on valuation

The new strategic vision is impressive, and a management team being put in place to execute the strategy looks highly credible. However, the strategic realignment will have a bearing on growth, cost, and profitability in the near term, and it will take some time for this new strategy to deliver. Against such a backdrop, we see POONAWALLA stock trading at premium valuation of FY26E P/B of 3.0x, and reiterate our **REDUCE** rating with revised down Jun-25E TP of Rs410/sh. (Exhibit 3)

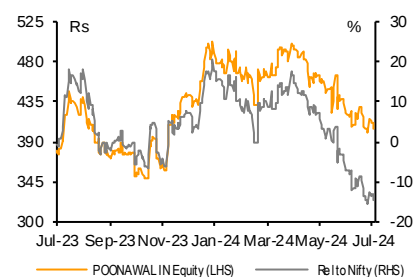
Target Price - 12M	Jun-25
Change in TP (%)	(6.8)
Current Reco.	REDUCE
Previous Reco.	REDUCE
Upside/(Downside) (%)	1.5
CMP (22-Jul-24) (Rs)	403.9

Stock Data	Ticker
52-week High (Rs)	520
52-week Low (Rs)	336
Shares outstanding (mn)	775.0
Market-cap (Rs bn)	313
Market-cap (USD mn)	3,741
Net-debt, FY25E (Rs mn)	1,825
ADTV-3M (mn shares)	3
ADTV-3M (Rs mn)	1,207.7
ADTV-3M (USD mn)	14.4
Free float (%)	-
Nifty-50	24,509
INR/USD	83.7
Shareholding, Jun-24	
Promoters (%)	62.1
FPIs/MFs (%)	7.9/6.8

Price Performance

(%)	1M	3M	12M
Absolute	(4.1)	(18.2)	7.6
Rel. to Nifty	(8.0)	(25.4)	(13.3)

1-Year share price trend (Rs)



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Exhibit 1: Actual vs Estimate

Poonawalla Fincorp - Q1FY25 Result (Rs mn)	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	QoQ	YoY	1QFY25	Variance Actual vs Estimate
NII	4,212	4,746	4,907	5,625	5,761	2.4%	36.8%	5,935	-2.9%
Total income	4,775	5,292	5,501	6,407	6,758	5.5%	41.5%	6,608	2.3%
Opex	1,834	1,929	1,998	2,313	2,417	4.5%	31.8%	2,486	-2.8%
PPOP	2,941	3,363	3,502	4,094	4,341	6.0%	47.6%	4,121	5.3%
Provision	266	288	(65)	239	445	85.7%	67.4%	553	-19.6%
PBT	2,676	3,075	3,568	3,855	3,896	1.1%	45.6%	3,568	9.2%
PAT	2,002	12,589	2,651	3,317	2,916	-12.1%	45.6%	2,651	10.0%
Adj PAT	2,002	2,306	2,651	3,317	2,916	-12.1%	45.6%	2,651	10.0%
AUM	177,776	202,150	219,460	250,030	269,720	7.9%	51.7%	269,700	0.0%
Disbursement	70,630	78,070	87,310	96,880	74,000	-23.6%	4.8%	74,000	0.0%
Credit cost	0.63%	0.61%	-0.12%	0.41%	0.68%	28bps	6bps	0.85%	-17bps
GS3	1.42%	1.36%	1.33%	1.16%	0.67%	-49bps	-75bps	1.3%	-63bps
NS3	0.76%	0.72%	0.70%	0.59%	0.32%	-27bps	-44bps	0.7%	-34bps
PCR	46%	47%	47%	49%	52%	285bps	584bps	50%	224bps

Source: Company, Emkay Research

Exhibit 2: Change in estimates

Y/E Mar (Rs mn)	FY25E			FY26E			FY27E		
	Earlier	Revised	Change	Earlier	Revised	Change	Earlier	Revised	Change
AUM	344,571	330,040	-4.2%	443,794	445,553	0.4%	554,554	601,497	8.5%
Disbursement	409,455	392,810	-4.1%	491,346	479,228	-2.5%	579,788	599,036	3.3%
Net Interest Income	28,116	28,124	0.0%	36,638	36,786	0.4%	45,805	47,888	4.5%
Operating expenses	10,653	10,993	3.2%	13,252	14,060	6.1%	15,660	17,899	14.3%
PPOP	19,423	19,023	-2.1%	25,665	25,168	-1.9%	32,963	32,926	-0.1%
PAT	11,944	11,796	-1.2%	16,047	15,465	-3.6%	19,760	19,651	-0.6%
Adj PAT	11,944	11,796	-1.2%	16,047	15,465	-3.6%	19,760	19,651	-0.6%
Adj EPS (Rs)	15.5	15.3	-1.2%	20.8	20.1	-3.6%	25.6	25.5	-0.6%
Networth	91,316	91,190	-0.1%	104,956	104,336	-0.6%	121,751.6	121,039	-0.6%
BVPS (Rs)	118.5	118.3	-0.1%	136.2	135.4	-0.6%	158.0	157.1	-0.6%
Disbursement growth	23.0%	18.0%	-500bps	20.0%	22.0%	200bps	18.0%	25.0%	700bps
AUM growth	37.8%	32.0%	-581bps	28.8%	35.0%	620bps	25.0%	35.0%	1004bps
Total PCR as a of AUM	50.00%	50.00%	0bps	45.00%	45.00%	0bps	45.00%	45.00%	0bps
NIM	9.5%	9.7%	24bps	9.3%	9.5%	19bps	9.2%	9.1%	-3bps
Opex-to-AUM ratio	3.6%	3.8%	21bps	3.4%	3.6%	26bps	3.1%	3.4%	28bps
Cost-to-Income ratio	35.4%	36.6%	120bps	34.1%	35.8%	179bps	32.2%	35.2%	301bps
Credit Cost	1.1%	1.1%	-4bps	1.0%	1.1%	9bps	1.3%	1.2%	-4bps
ROA	4.2%	4.2%	3bps	4.3%	4.2%	-10bps	4.2%	4.0%	-21bps
ROE	13.8%	13.7%	-16bps	16.4%	15.8%	-53bps	17.4%	17.4%	1bps

Source: Company, Emkay Research

Exhibit 3: Valuation matrix

	CMP/TP (Rs/sh)	Upside	Mkt Cap (Rs bn)	P/BV (x)			P/E (x)			RoA (%)			RoE (%)			Book Value (Rs/sh)			Adj. EPS (Rs)		
				FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY24E	FY25E	FY26E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
At current market price	404	1.5%	313.0	3.41	2.98	2.57	26.38	20.12	15.84	4.25	4.22	4.03	13.69	15.82	17.44	118	135	157	15.3	20.1	25.5
At target price	410			3.46	3.03	2.61	26.78	20.43	16.08	4.25	4.22	4.03	13.69	15.82	17.44	118	135	157	15.3	20.1	25.5

Source: Company, Emkay Research

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Exhibit 4: Quarterly result snapshot

Particulars (Rs mn)	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	QoQ chg	YoY chg
Interest Income	6,560	6,901	7,144	8,436	8,962	6.2%	36.6%
Interest Expenses	2,348	2,155	2,237	2,811	3,201	13.9%	36.3%
NII	4,212	4,746	4,907	5,625	5,761	2.4%	36.8%
Other Income	563	547	594	782	997	27.5%	76.9%
Net Operating Income	4,775	5,292	5,501	6,407	6,758	5.5%	41.5%
Operating Expenses	1,834	1,929	1,998	2,313	2,417	4.5%	31.8%
PPOP	2,941	3,363	3,502	4,094	4,341	6.0%	47.6%
Provisions	266	288	(65)	239	445	85.7%	67.4%
Credit costs	0.63%	0.61%	-0.12%	0.41%	0.68%	27.64	6bps
Extraordinary items	-	12,212	-	-	-		
Profit Before Tax	2,676	15,287	3,568	3,855	3,896	1.1%	45.6%
Tax	674	2,698	916	538	980	82.3%	45.5%
Tax rate	25.2%	17.7%	25.7%	13.9%	25.2%		
PAT	2,002	12,589	2,651	3,317	2,916	-12.1%	45.6%
Adj PAT	2,002	2,306	2,651	3,317	2,916	-12.1%	45.6%
GS3	1.42%	1.36%	1.33%	1.16%	0.67%	-49bps	-75bps
NS3	0.76%	0.72%	0.70%	0.59%	0.32%	-27bps	-44bps
PCR	46.4%	47.2%	47.3%	49.4%	52.2%	285bps	584bps
AUM	177,776	202,150	219,460	250,030	269,720	7.9%	51.7%
Disbursement	70,630	78,070	87,310	96,880	74,000	-23.6%	4.8%
Networth	66,496	77,811	80,750	81,164	83,700	3.1%	25.9%

Source: Company, Emkay Research

Exhibit 5: Change in Key Management Personnel

Joining/Exiting on	New Appointment (Designation)	Years of experience	Past organisation	Replacing/Exiting
Jun-24	Arvind Kapil (MD and CEO)	25	HDFC (Group Head - Mortgage Banking)	Abhay Bhutada (MS & CEO)
Jun-24	Veeraraghavan Iyer (Head - Commercial Business)	22	HDFC Sales (CEO)	-
Jun-24	Shriram Viswanathan Iyer (Chief Credit and Analytics Officer)	28	HDFC (Head - Retail Credit Underwriting)	-
Jul-24	Bholananda Behera (COO)	27	HDFC (Senior Compliance Officer)	Manoj Gujran (CCO)
Jul-24	Vikash Pandey (Head - Consumer Business)	30	HDFC (Head - Auto Loan)	-
Jul-24	Harsh Kumar (Chief Human Resource Officer)	25	CSB Bank (Chief Human Resource Officer)	-
Oct-24	Nitin Sane (CIA)	20	HDFC (Risk Management - Audit)	Anup Agarwal (CIA)
Aug-24	Bhaskar Pande (CRO)	23	HDFC (Risk Management)	Rajendra Tathare (CRO)
Jun-24				Kumar Gaurav (Chief Marketing Officer)
Jul-24				Manish Chaudhari (Head-Retail Assets)
Jul-24				Smita Mitra (Head - HR)

Source: Company, Emkay Research

Exhibit 6: AUM trend

(Rs bn)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
AUM (Rs bn)	126	132	139	161	178	202	219	250	270
Growth QoQ	7%	4%	6%	16%	10%	14%	9%	14%	8%
Growth YoY	21%	17%	28%	37%	41%	54%	58%	55%	52%

Source: Company, Emkay Research

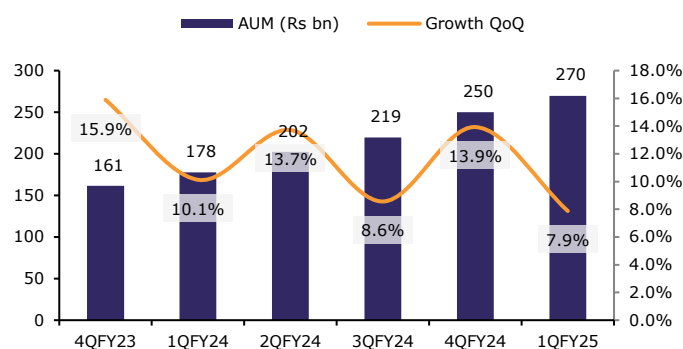
Exhibit 7: Disbursement trend

(Rs bn)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
Disbursement (Rs bn)	29	31	33.7	63.7	70.6	78.1	87.3	96.9	74.0
Growth QoQ	14%	7%	8%	89%	11%	11%	12%	11%	-24%
Growth YoY	95%	42%	157%	151%	143%	151%	159%	52%	5%

Source: Company, Emkay Research

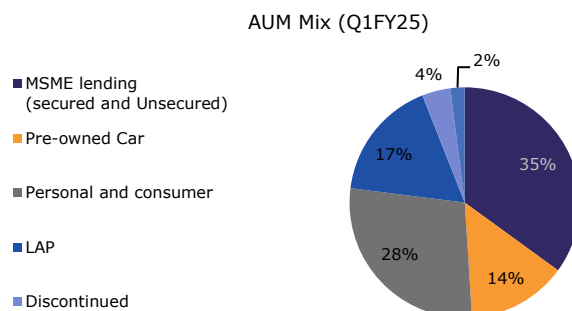
Result in charts

Exhibit 8: AUM growth led by strong growth in the consumer and LAP segment



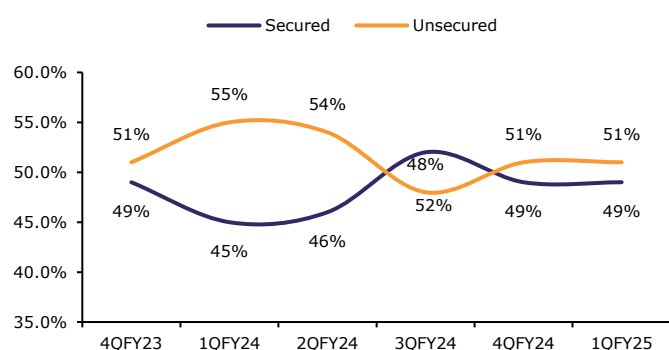
Source: Company, Emkay Research

Exhibit 9: AUM mix



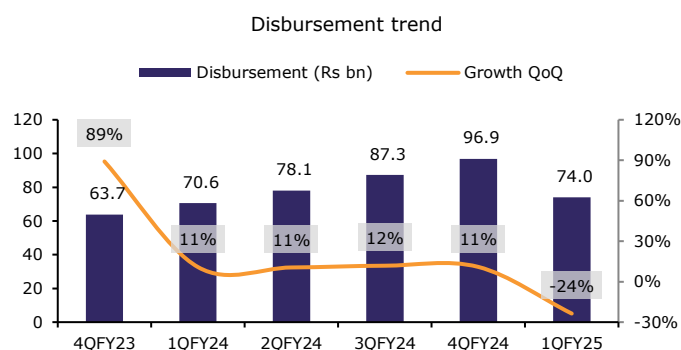
Source: Company, Emkay Research

Exhibit 10: Balanced secured and unsecured AUM mix



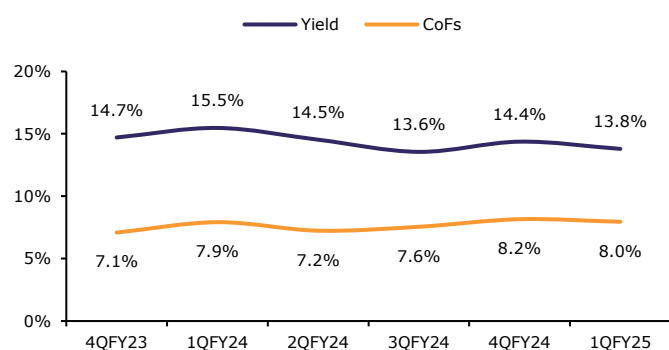
Source: Company, Emkay Research

Exhibit 11: Disbursement impacted, on account of a seasonally weak quarter



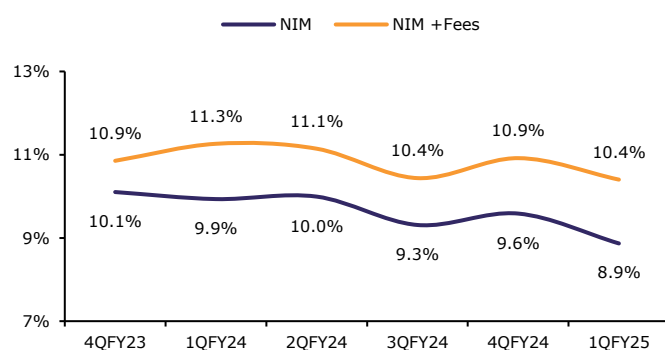
Source: Company, Emkay Research

Exhibit 12: Yields hit by shift in product/customer mix



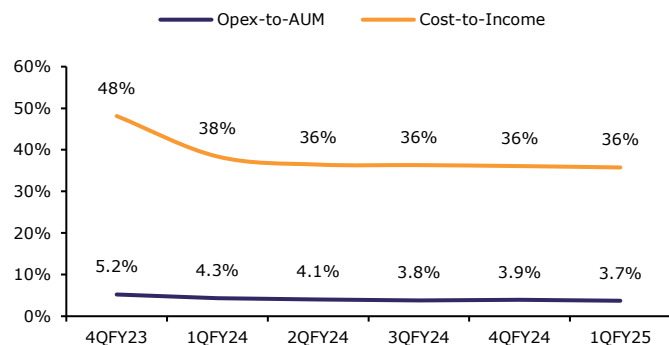
Source: Company, Emkay Research

Exhibit 13: Margins are spread-out to more than a year, on account of halting the co-lending business



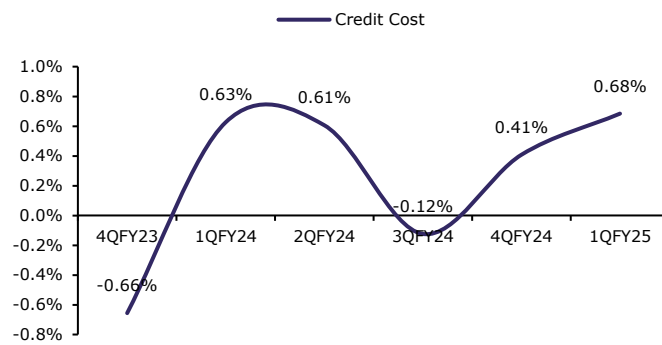
Source: Company, Emkay Research

Exhibit 14: PFL expects cost-to income ratio to improve on account of increasing overall revenue, as the new management takes charge



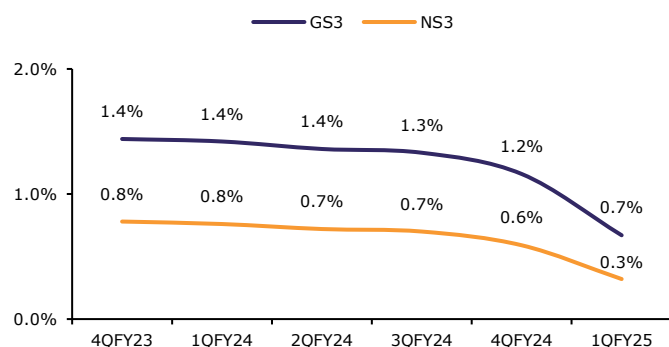
Source: Company, Emkay Research

Exhibit 15: Credit cost increased by 28bps on a sequential basis



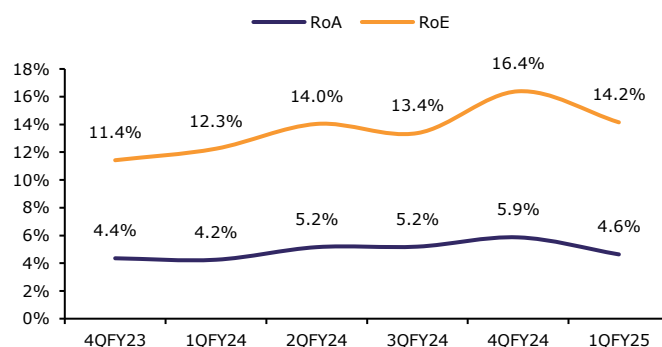
Source: Company, Emkay Research

Exhibit 16: Asset quality remains robust



Source: Company, Emkay Research

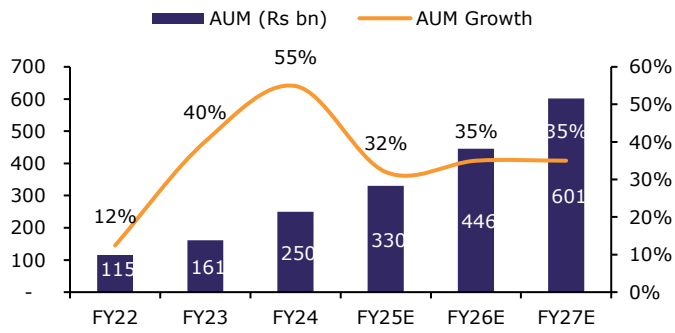
Exhibit 17: ROA/ROE trend



Source: Company, Emkay Research

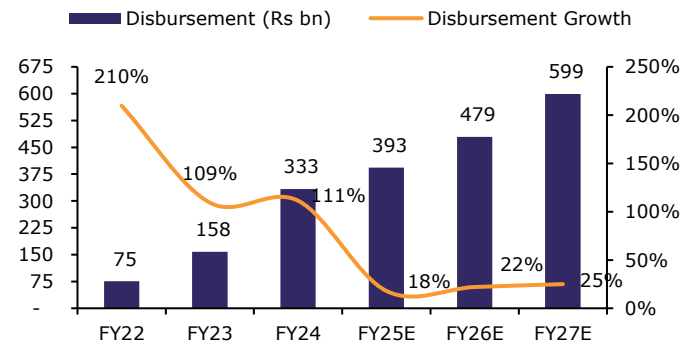
Story in charts

Exhibit 18: The management guided AUM growing 5-6x over the next 5-6 years



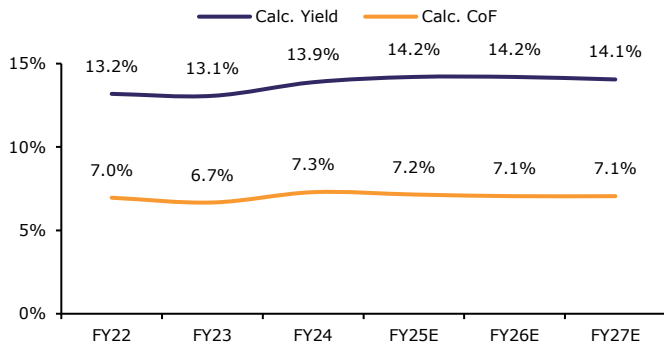
Source: Company, Emkay Research

Exhibit 19: Strong disbursement across the product segment



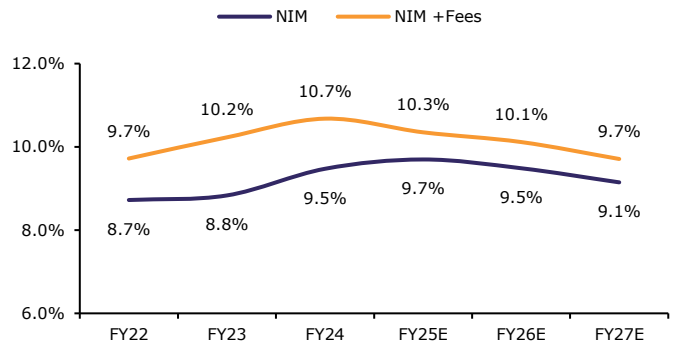
Source: Company, Emkay Research

Exhibit 20: Yield and CoFs expected to be stable



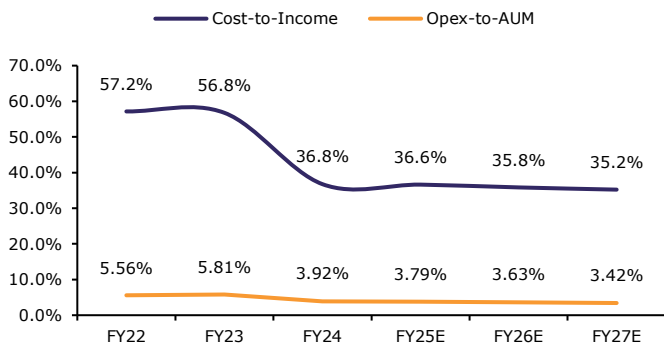
Source: Company, Emkay Research

Exhibit 21: We expect some impact on NIMs, as company focus on is the prime and secured product, going forward



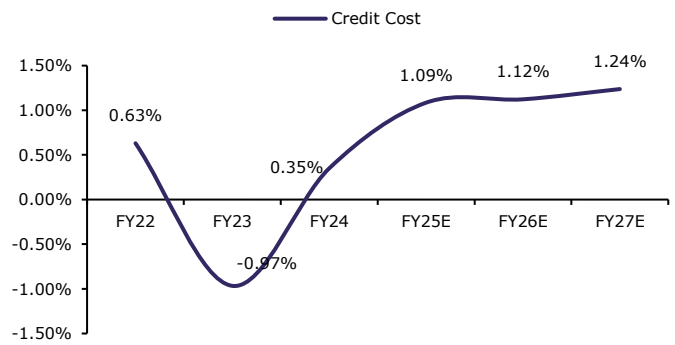
Source: Company, Emkay Research

Exhibit 22: Opex-to-AUM to see increase in margin, as the company continues to invest in expansion and manpower



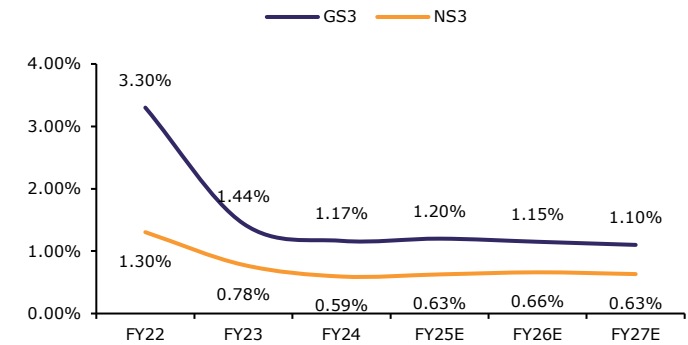
Source: Company, Emkay Research

Exhibit 23: We expect some pressure on credit cost on account of the unseasoned STPL book



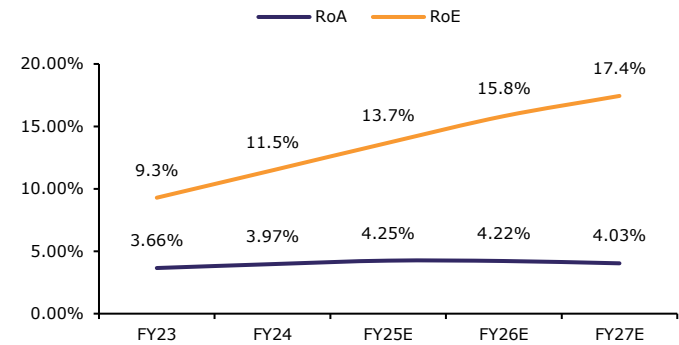
Source: Company, Emkay Research

Exhibit 24: Overall asset quality to be steady



Source: Company, Emkay Research

Exhibit 25: ROA/ROE expansion led by moderating costs and improved efficiency



Source: Company, Emkay Research

Management call highlights

- Expects AUM to grow 5-6x over the next 5-6 years, with the right product mix and solid risk management. AUM is expected to grow 30-35% in FY25, and maintain a growth rate of 35-40% over the next 5 years.
- Expects PAT to grow at a similar rate as AUM, over the years, thus improving predictability and building a sustainable business.
- Strong focus on four products to build over the next 8 months:
 - 1) Consumer durables: to build a strong consumer franchise of middle-class consumers, thus forming a strong credible funnel. This builds a high-yielding cross-sell model with higher repeat loan cross-sell. The management sees a substantial customer base of 250mn in NTC, and believes this cohort would avail multiple loans on the cross-sell front, thus building a customer base that would provide a huge advantage to Poonawalla.
 - 2) Shopkeeper loan: this is a high-margin loan product, and the management has a decent past experience in this business segment. The risk matrices of Kirana stores are different than those for a Trader.
 - 3) Prime personal Loan: targets salaried employees of the top 100-200 corporates, and aspires to become a preferred customer choice while using its existing tech and digital capabilities while developing new tech, including AI&ML.
 - 4) Used Commercial Vehicle
- PFL plans to expand its network digitally and physically, while enhancing its customer intake, thus enhancing overall asset quality. The management also highlighted that its investment will be biased toward building this product.
- Investment in collections to continue building a strong franchise; a 3-4% improvement in resolution can lead to a 15-20% improvement in credit cost.
- PFL has invested in new people mainly due to their vast experience and having seen different economic cycles.
- CoFs for the quarter were stable at 8.15%, while the D/E ratio increased from 1.9x to 2.1x, thus resulting in interest expenses.
- Improvement in Opex-to-AUM of 13bps on QoQ was led by technology enhancement, resulting in higher operational efficiency.
- Of the total borrowing of Rs171bn, 70% is the floating rate borrowing; fixed-rate borrowings are shorter-tenure ones. 70% of the loans are linked to MCLR and ~20% to EBLR.
- The company has stopped its co-lending business, which also includes some element of FLDG in Q4FY24. This book is unseasoned and the management is monitoring it closely.
- Sequential PAT decline is mainly on account of one-time tax benefit of Rs410mn in Q2FY24.
- Technology remains the key enabler for Poonawalla, with 40% customer onboarding done with human interface in its new origination.
- The STPL book is monitored closely, and the management will be thoroughly reviewing the performance of the portfolio for the next 1-2 quarters.
- The new onboarding/self-generated business in STPL has an average tenure of more than 1 year compared with the co-lending portfolio, which has an average tenure of less than 1 year.
- Currently, LAP is offered from 35 locations, and the management expected to increase multifold (2-3x), but will be in a better position after 60 days.
- Legacy book O/s is ~Rs3.5bn, whereas the acquired DA book is ~Rs.7.7bn. Of the total write-offs, ~80% pertain to the legacy book.

Poonawalla Fincorp: Standalone Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Interest Income	18,169	29,041	41,185	55,067	73,555
Interest Expense	5,953	9,551	13,060	18,281	25,667
Net interest income	12,217	19,490	28,124	36,786	47,888
NII growth (%)	28.7	59.5	44.3	30.8	30.2
Non interest income	1,931	2,478	1,892	2,442	2,937
Total income	14,148	21,967	30,017	39,228	50,825
Operating expenses	8,031	8,074	10,993	14,060	17,899
PPOP	6,117	13,894	19,023	25,168	32,926
PPOP growth (%)	35.0	127.1	36.9	32.3	30.8
Provisions & contingencies	(1,337)	720	3,147	4,353	6,478
PBT	7,453	13,173	15,876	20,814	26,448
Extraordinary items	212	12,212	0	0	0
Tax expense	1,816	4,826	4,080	5,349	6,797
Minority interest	0	0	0	0	0
Income from JV/Associates	0	0	0	0	0
Reported PAT	5,849	20,560	11,796	15,465	19,651
PAT growth (%)	99.5	251.5	(42.6)	31.1	27.1
Adjusted PAT	5,637	8,348	11,796	15,465	19,651
Diluted EPS (Rs)	7.4	26.9	15.4	20.2	25.7
Diluted EPS growth (%)	80.0	265.0	(42.6)	31.1	27.1
DPS (Rs)	2.0	2.0	2.3	3.0	3.8
Dividend payout (%)	26.3	7.5	15.0	15.0	15.0
Effective tax rate (%)	24.4	36.6	25.7	25.7	25.7
Net interest margins (%)	8.8	9.5	9.7	9.5	9.1
Cost-income ratio (%)	56.8	36.8	36.6	35.8	35.2
PAT/PPOP (%)	92.2	148.0	62.0	61.4	59.7
Shares outstanding (mn)	768.0	770.6	770.6	770.6	770.6

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Share capital	1,536	1,541	1,541	1,541	1,541
Reserves & surplus	62,711	79,623	89,649	102,795	119,498
Net worth	64,247	81,164	91,190	104,336	121,039
Borrowings	111,196	150,801	214,526	304,090	424,056
Other liabilities & prov.	4,775	8,397	9,237	10,160	11,176
Total liabilities & equity	180,218	240,362	314,953	418,586	556,271
Net loans	152,295	220,464	291,062	393,178	530,435
Investments	5,101	8,783	9,662	10,628	11,159
Cash, other balances	6,574	2,685	5,281	5,278	4,582
Interest earning assets	163,970	231,933	306,005	409,084	546,176
Fixed assets	2,117	1,944	2,138	2,352	2,587
Other assets	5,934	6,485	6,810	7,150	7,508
Total assets	172,021	240,362	314,953	418,586	556,271
BVPS (Rs)	83.7	105.3	118.3	135.4	157.1
Adj. BVPS (INR)	83.7	105.3	118.3	135.4	157.1
Gross loans	156,250	230,454	304,199	410,669	554,403
Total AUM	161,430	250,030	330,040	445,553	601,497
On balance sheet	156,250	230,454	304,199	410,669	554,403
Off balance sheet	5,180	19,576	25,840	34,885	47,094
Disbursements	157,510	332,890	392,810	479,228	599,036
Disbursements growth (%)	109.4	111.3	18.0	22.0	25.0
Loan growth (%)	42.6	44.8	32.0	35.1	34.9
AUM growth (%)	40.1	54.9	32.0	35.0	35.0
Borrowings growth (%)	65.3	35.6	42.3	41.8	39.5
Book value growth (%)	12.0	25.9	12.4	14.4	16.0

Source: Company, Emkay Research

Asset quality and other metrics					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Asset quality					
GNPL - Stage 3	2,251	2,685	3,650	4,723	6,098
NNPL - Stage 3	1,210	1,359	1,825	2,597	3,354
GNPL ratio - Stage 3 (%)	1.4	1.2	1.2	1.2	1.1
NNPL ratio - Stage 3 (%)	0.8	0.6	0.6	0.7	0.6
ECL coverage - Stage 3 (%)	46.3	49.4	50.0	45.0	45.0
ECL coverage - 1 & 2 (%)	1.2	3.8	1.1	0.9	0.8
Gross slippage - Stage 3	0	0	0	0	0
Gross slippage ratio (%)	0.0	0.0	0.0	0.0	0.0
Write-off ratio (%)	7.0	7.6	3.5	3.9	4.1
Total credit costs (%)	(1.0)	0.4	1.1	1.1	1.2
NNPA to networth (%)	1.9	1.7	2.0	2.5	2.8
Capital adequacy					
Total CAR (%)	38.9	0.0	0.0	0.0	0.0
Tier-1 (%)	37.7	0.0	0.0	0.0	0.0
Miscellaneous					
Total income growth (%)	33.7	55.3	36.6	30.7	29.6
Opex growth (%)	32.8	0.5	36.2	27.9	27.3
PPOP margin (%)	4.4	6.8	6.6	6.5	6.3
Credit costs-to-PPOP (%)	(21.9)	5.2	16.5	17.3	19.7
Loan-to-Assets (%)	84.5	91.7	92.4	93.9	95.4
Yield on loans (%)	13.1	14.1	14.2	14.2	14.1
Cost of funds (%)	6.7	7.3	7.2	7.1	7.1
Spread (%)	6.5	6.8	7.1	7.2	7.0

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY23	FY24	FY25E	FY26E	FY27E
P/E (x)	52.9	37.3	26.4	20.1	15.8
P/B (x)	4.8	3.8	3.4	3.0	2.6
P/ABV (x)	4.9	3.9	3.5	3.0	2.6
P/PPOP (x)	6.7	3.0	2.2	1.6	1.3
Dividend yield (%)	0.5	0.5	0.6	0.7	0.9
Dupont-RoE split (%)					
NII/avg AUM	8.8	9.5	9.7	9.5	9.1
Other income	1.2	0.7	0.7	0.6	0.6
Securitization income	0.0	0.0	0.0	0.0	0.0
Opex	2.1	1.8	1.9	1.8	1.8
Employee expense	3.7	2.2	1.9	1.8	1.6
PPOP	4.4	6.8	6.6	6.5	6.3
Provisions	(1.0)	0.4	1.1	1.1	1.2
Tax expense	1.3	2.3	1.4	1.4	1.3
RoAUM (%)	4.1	10.0	4.1	4.0	3.8
Leverage ratio (x)	2.3	2.8	3.4	4.0	4.6
RoE (%)	9.3	11.5	13.7	15.8	17.4
Quarterly data					
Rs mn, Y/E Mar	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25
NII	4,212	4,746	4,907	5,625	5,761
NIM(%)	9.9	10.0	9.3	9.6	8.9
PPOP	2,941	3,363	3,502	4,094	4,341
PAT	2,002	12,589	2,651	3,317	2,916
EPS (Rs)	2.61	16.39	3.45	4.30	3.79

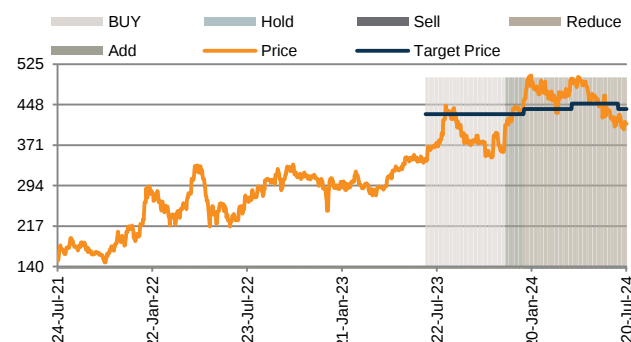
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
04-Jul-24	419	440	Reduce	Avinash Singh
05-Jun-24	435	450	Reduce	Avinash Singh
30-Apr-24	491	450	Reduce	Avinash Singh
06-Apr-24	497	450	Reduce	Avinash Singh
18-Mar-24	472	440	Reduce	Avinash Singh
19-Jan-24	504	440	Reduce	Avinash Singh
05-Jan-24	459	440	Reduce	Avinash Singh
30-Nov-23	409	430	Add	Avinash Singh
21-Oct-23	377	430	Buy	Avinash Singh
25-Jul-23	380	430	Buy	Avinash Singh
08-Jul-23	362	430	Buy	Avinash Singh
30-Jun-23	341	430	Buy	Avinash Singh

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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